

Nassau Presbyterian Church
Report of the Audit Committee
September 16, 2024

Starting on August 6th and continuing for several weeks members of the Audit Committee met with the Business Administrator to review the fiscal year ending May 31, 2024. As is customary, the areas of responsibility and review were distributed among the Committee members.

Components of Review

Audit Principles: In accordance with the Constitution of the Presbyterian Church USA Book of Order, books and financial records of the Church and its organizations should be audited by either certified public accountants or an appointed Audit Committee, the membership of which should not include the Treasurer or Financial Secretary of such Church.

The Audit Committee members discussed specific areas for examination and review. The Committee does not perform a financial audit of the Church's books and records, but rather conducted a review and examination of the Church's financial records and related procedures as described below.

1. Revenue and Banking: A sample of deposits, withdrawals and transfers was reviewed. The Committee checked the statements for the Church with PNC Bank. All deposits, receipts, transfers, payments and withdrawals were well documented and in good order. Numbers were reconciled as appropriate. No abnormalities or anomalies were identified. The process for accepting, processing and posting deposits was reviewed, and no anomalies were identified. The Committee also checked a sample of relevant money market funds and investment accounts, and all were in order. The committee noted that there is a regular review of the monthly account reconciliations performed by Sallye Zink of the Finance committee and that the recording of the weekly plate donations from the worship services are observed by a member of the congregation.
2. Disbursements: Disbursements and payments to a random selection of vendors and contractors were reviewed. Both church and cemetery vendors/contractors were included. All disbursements appeared to be in order and properly documented. The Committee also selected samples of the Church's credit card statements to review. We reviewed those statements and the accompanying receipts and other backup documentation for items on the statements. The receipts and other documentation were reconciled to the sample statements. Receipts were properly documented and submitted. No anomalies were identified.
3. Insurance: The Church's insurance policies were reviewed. The Committee thinks that the Church has in place appropriate insurance coverage with appropriate limits and that the insurance coverage is sufficient for current value of the property. The documentation indicated the Church is up to date on all insurance premium payments.
4. Cemetery Funds: As a part of the Committee's review of the Church's accounts and records, a sample of records relating to the revenues, disbursements and cash flow for the Princeton Cemetery was reviewed. Documentation provided to the Committee indicates that records are well kept and accurate, including with respect to the flow of funds to the Maintenance and Preservation Account as required by the State of New Jersey. No anomalies or

deficiencies were identified. The committee reviewed the financial statements related to these funds, but the committee defers to the finance committee regarding the investment policies and communication with the asset managers.

5. Payroll/Contracts: The Committee selected and reviewed a sample of payroll documents for certain employees. Compensation payments match all appropriate files such as offering letters executed by the Church and the relevant employees. Any overtime payments are clearly documented. No anomalies were identified.
6. Financial Policies: The Committee reviewed the Church's Financial Policies, which were approved by the Session on November 21, 2013. The Committee believes the Financial Policies are in good order. The committee noted that a digital record retention policy has been implemented, and the number of restricted funds has been reduced by either spending down the funds as appropriate, or by consolidation with other similar funds.
7. Risk of Losing Institutional Knowledge: Previously the committee had a concern about the lean staffing levels and the risk that if one person was suddenly incapacitated, ongoing operations would be difficult. There has been some cross training and members of the finance committee have extensive knowledge of the Church's financial operations. Thus the risk has been reduced, but not eliminated. Full elimination of this risk, however, might not be possible without adding staff. The audit committee suggests that the Church continue to provide cross training for key financial and administrative positions as well as documenting key processes.

Findings and Conclusions

The Committee believes the Church's business operations are functioning at a high level of accuracy and efficiency. No material deficiencies or anomalies were identified. The Audit Committee thanks the members of the Church office staff, particularly Linda Gilmore, for their professionalism and assistance during the course of the Committee's examination.

Respectfully submitted,

2024 Audit Committee

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